

Message Text

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TO AMEMBASSY KIGALI

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E.O. 11652: N/A

TAGS: UNDP, EAID

SUBJECT: UNDP FINANCIAL CRISIS: IMPACT ON RWANDA

REF: (A) KIGALI 334; (B) KIGALI 336;
(C) KIGALI 359; (D) STATE 38843; (E) STATE 72386

1. THE DEPARTMENT HAS CONSIDERED THE SEVERAL QUESTIONS
RAISED BY REFTELS (B) AND (C) AND HAS SECURED INFORMATION
FROM UNDP CONCERNING THE STATUS OF THE 1976 RWANDA PROGRAM.
IN VIEW OF THE PRELIMINARY NATURE OF SOME OF THE INFORMA-
TION AND THE FACT THAT THE U.S. POSITIONS FOR THE 22ND
GOVERNING COUNCIL ARE STILL UNDER PREPARATION IT MAY
STILL BE PREFERABLE NOT TO PRESENT NOTE TO FOREIGN
MINISTRY AT THE PRESENT TIME. WE WOULD SUGGEST THAT DIS-
CUSSIONS WITH THE GOR AND UNDP STAFF WOULD BE ALONG THE
FOLLOWING LINES, TAKING INTO ACCOUNT THE INFORMATION PRO-
VIDED FROM NEW YORK:

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A. WHILE THE CUTS THAT HAVE BEEN SUGGESTED BY UNDP ARE SEVERE AND REGRETTABLE RWANDA WILL RECEIVE BY THE END OF 1976 THE FULL AMOUNT THAT IT WAS ALLOCATED UNDER THE UNDP'S 1972-76 INDICATIVE PLANNING FIGURE (IPF). FURTHER, FOR THE PERIOD 1977-81 THE IPF IS EXPECTED TO

APPROXIMATELY DOUBLE, TO AROUND DOLS 20 MILLION. UNDP HAS INFORMED US THAT SPENDING ESTIMATE OF AROUND DOLS 7 MILLION FOR 1976 HAD BEEN DISCUSSED EARLIER LAST YEAR IN A PERIOD WHEN UNDP WAS CONCERNED ABOUT UNDERSPENDING RATHER THAN CASH SHORTAGES. AT THAT TIME MOST COUNTRIES WERE ENCOURAGED TO "OVER-PROGRAM," THAT IS PROGRAM MONEY FROM SECOND CYCLE (1977-81) FUNDS. IN VIEW OF THE DEVELOPING UNDP FINANCIAL CRISIS AT THE END OF 1975 IT WAS FOUND NECESSARY TO REDUCE RWANDA'S SPENDING IN 1976 TO THE AMOUNT REMAINING UNSPENT FROM THE ORIGINAL DOLS 10 MILLION FIRST CYCLE IPF ALLOCATION. THE MAIN POINT IS HOWEVER THAT RWANDA WILL RECEIVE THE ENTIRE DOLS 10 MILLION SCHEDULED FOR THE PERIOD 1972-76. THUS ACCORDING TO CURRENT INFORMATION RWANDA WILL HAVE DOLS 2.23 MILLION AVAILABLE IN 1976 UNDER THE IPF PLUS AN ADDITIONAL DOLS 993,000 FROM THE SPECIAL MEASURES FUND FOR THE LEAST DEVELOPED. WITH REGARD TO THE PROJECTS LISTED AS "CANCELLED" IN PARA 2 OF REFTEL (B). UNDP CANNOT CONFIRM WHETHER THESE PROJECTS HAVE ACTUALLY BEEN CANCELLED OR MERELY POSTPONED FOR DELAYED IMPLEMENTATION. AS EMBASSY IS WELL AWARE, PROGRAMMING EXTREMELY DIFFICULT IN COUNTRIES LIKE RWANDA AND UNDP ATTRIBUTES HIGH LEVEL OF SPENDING ORIGINALLY PLANNED FOR 1976 IN PART TO RATHER UNREALISTIC TARGETS. THE DOLS 7 MILLION FORECAST WAS THE CONSEQUENCE INTER ALIA OF INFLATION, INACCURATE COST ESTIMATES AND STRETCH-OUT OF OLD PROJECTS INVOLVING EXTRA COSTS. FURTHER, IT SHOULD BE EMPHASIZED THAT THE DOLS 7 MILLION FORECAST LIMITED OFFICIAL USE

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FOR 1976, IS CONSIDERED BY UNDP AND BY US TO HAVE BEEN EXCEEDINGLY UNLIKELY OF ACHIEVEMENT. THE HIGHEST LEVEL OF EXPENDITURE SO FAR ON UNDP PROJECTS IN RWANDA WAS DOLS 2.71 MILLION IN 1975.

B. WITH REGARD TO THE U.S. POSITION AT THE 22ND GOVERNING COUNCIL (GC) WE WILL CERTAINLY

TAKE A SYMPATHETIC APPROACH TO THE PROBLEMS OF COUNTRIES THAT MUST ABSORB SUBSTANTIAL CUTBACKS IN 1976 SPENDING (ALL RECIPIENT COUNTRIES) BUT WITH SPECIAL CONSIDERATION FOR THE LEAST DEVELOPED AND THE MANNER OF IMPLEMENTATION OF GC CRITERIA. HOWEVER, AS EXPLAINED IN PARA 7 OF REFTEL (D) IT VERY DIFFICULT FOR THE U.S. NOW OR AT THE GOVERNING COUNCIL TO TAKE A

POSITION ON THE SIZE OF EXPENDITURES IN PARTICULAR COUNTRIES AND CUTBACKS THAT HAVE BEEN PROGRAMMED.

C. THE AFRICA BUREAU OF UNDP HAS APPROACHED THE

U.S. GOVERNMENT ABOUT THE POSSIBILITY OF AID TAKING ON SOME OF THE PROJECTS THAT ARE BEING DROPPED BY UNDP AND THIS MATTER IS UNDER REVIEW HERE. HOWEVER, NONE OF THE PROJECTS PROPOSED BY UNDP/AFRICA FOR AID FUNDING ARE RWANDA PROJECTS, AND THEREFORE IT PROBABLY NOT HELPFUL TO RAISE GOR HOPES AT THE MOMENT.

2. FYI: THERE HAS BEEN AN EXCHANGE OF LETTERS BETWEEN THE PRESIDENT OF RWANDA AND UNDP ADMINISTRATOR BRADFORD MORSE AND WE ARE INFORMED THAT THE RESPONSE BY MORSE WAS ALONG THE LINES OF PARA A ABOVE. KISSINGER

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